

ORIGINAL APPLICATION

File Number: 216 89943

NEW MEXICO OFFICE OF THE STATE ENGINEER
APPLICATION FOR PERMIT
TO APPROPRIATE UNDERGROUND WATER

1. APPLICANT

Name: Augustin Plains Ranch, LLC, a New Mexico LLC
Contact: Everett Shaw (as agent for Applicant) Work Phone: (505) 888-8424
and Law & Resource Planning Associates, P.C. Work Phone: (505) 346-0998
(as legal representative of Applicant)
Address: 201 Third Street NW, Suite 1750
City: Albuquerque State: NM Zip: 87102

2. LOCATION OF WELL (A, B, C, or D required, E or F if known)

See Attachment A for description and location of proposed wells.

- A. 1/4 1/4 1/4 Section: Township: Range: N.M.P.M.
in County.
- B. X feet, Y = feet, N.M. Coordinate System
= Zone in the Grant.
U.S.G.S. Quad Map
- C. Latitude: d m s Longitude: d m s
- D. East (m), North (m), UTM Zone 13, NAD (27 or 83)
- E. Tract No. Map No. of the Hydrographic Survey
- F. Lot No. Block No. of Unit/Tract of the
Subdivision recorded in County.
- G. Other:
- H. Give State Engineer File Number if existing well:
- I. On land owned by (required): Augustin Plains Ranch, LLC

3. WELL INFORMATION

Name of well driller and driller license number Not yet determined
Approximate depth See Attachment A feet; Outside diameter of casing inches.

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4. QUANTITY

Consumptive Use: 54,000 acre-feet per annum
Diversion Amount: 54,000 acre-feet per annum

5. PURPOSE OF USE

Domestic: X Livestock: X Irrigation: X Municipal: X Industrial: X
Commercial: X Other (specify): _____
Specific use: See Attachment B for description of proposed purpose of use.

6. PLACE OF USE

See Attachment C for place of use description.

_____ acres of land described as follows:

Subdivision of Section (District or Hydrographic Survey)	Section (Map No.)	Township (Tract No.)	Range	Acres
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Who is the owner of the land?

Augustin Plains Ranch, LLC, a New Mexico LLC and others
described in Attachment C.

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See Attachment D for additional statements and explanations.

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

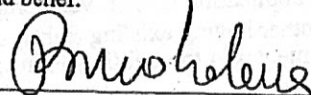
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ACKNOWLEDGEMENT

I, Bruno Modena, legal representative (title) on behalf of Augustin Plains Ranch, LLC affirm that the foregoing statements are true to the best of my knowledge and belief.

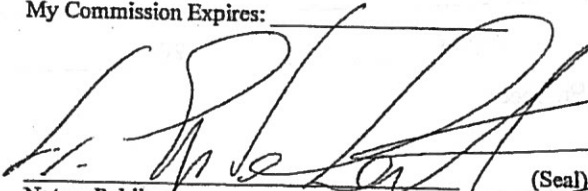
By: 
Bruno Modena

Title: legal representative

Date: October 11th, 2007

This instrument was acknowledged before me this 11th day of October, 2007, by Bruno Modena, legal representative, (title) on behalf of Augustin Plains Ranch, LLC, a New Mexico LLC.

My Commission Expires:


Notary Public (Seal)



DE STEFANO - LORENZI
NOTAI ASSOCIATI
Via Cernala, 2 - 20121 Milano
Tel. 02 76022121

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This application is approved/denied partially approved provided it is not exercised to the detriment of any other having existing rights, and is not contrary to the conservation of water in New Mexico nor detrimental to the public welfare; and further subject to the following conditions:

By: _____

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ATTACHMENT A

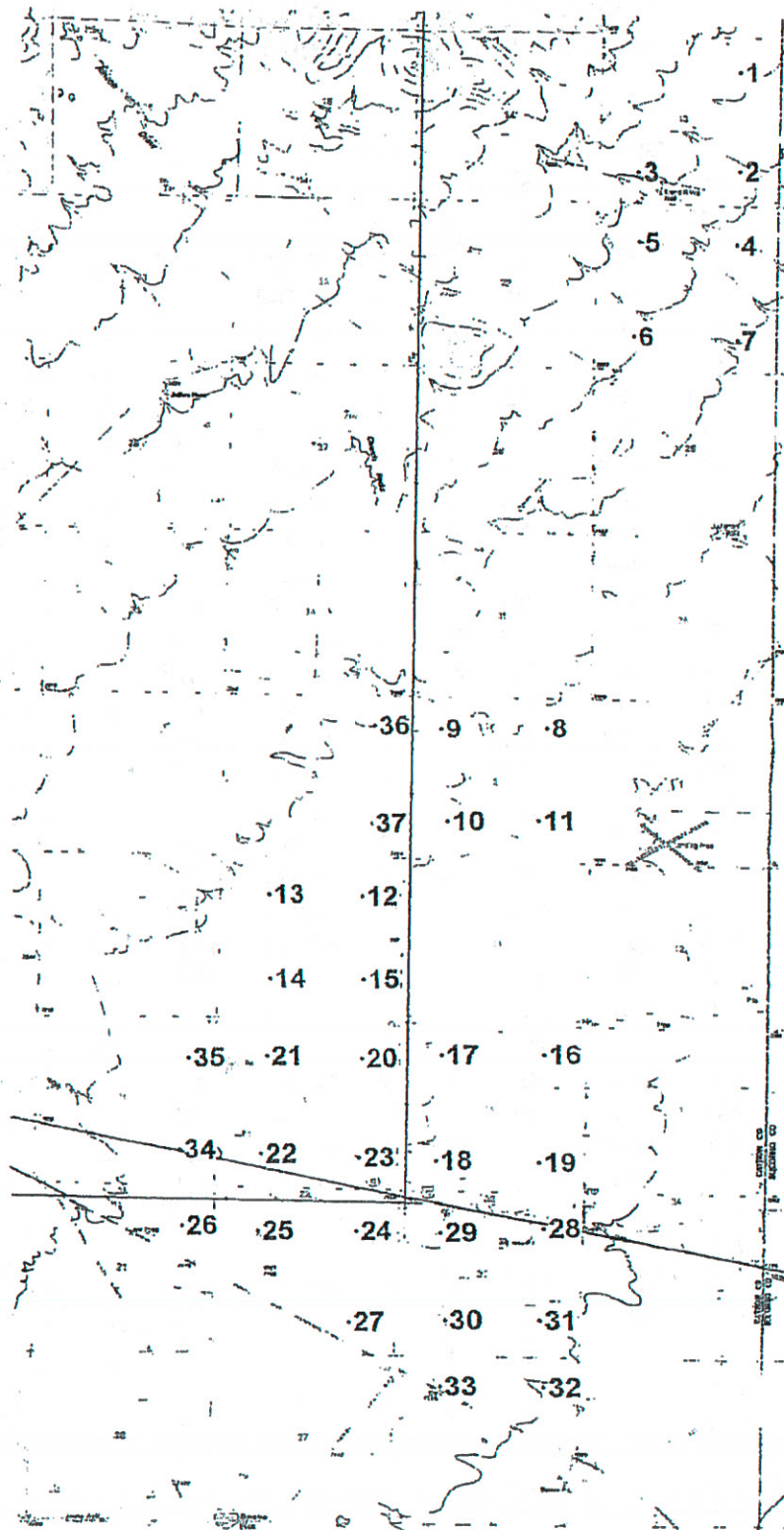
PROPOSED WELL LOCATIONS AUGUSTIN PLAINS RANCH LLC

NO.	T	R	SEC.	QTR-QTR-QTR			LATITUDE N.			LONGITUDE W.			LSE
1	T1S	R9W	13	SW	NE	NE	34°	13'	29.779"	107°	43'	13.037"	7313
2			13	NW	SE	SE	34°	12'	58.958"	107°	43'	12.778"	7264
3			13	NE	SW	SW	34°	12'	58.177"	107°	43'	47.907"	7316
4			24	SW	NE	NE	34°	12'	35.848"	107°	43'	13.644"	7234
5			24	SE	NW	NW	34°	12'	36.275"	107°	43'	47.142"	7279
6			24	NE	SW	SW	34°	12'	6.665"	107°	43'	48.654"	7260
7			24	NW	SE	SE	34°	12'	5.993"	107°	43'	13.036"	7206
8	T2S	R9W	2	SW	NE	NE	34°	10'	1.772"	107°	44'	16.442"	7146
9			2	SE	NW	NW	34°	10'	0.982"	107°	44'	51.761"	7177
10			2	NE	SW	SW	34°	9'	31.664"	107°	44'	48.998"	7159
11			2	NW	SE	SE	34°	9'	32.342"	107°	44'	18.662"	7136
12			10	SW	NE	NE	34°	9'	7.181"	107°	45'	18.499"	7155
13			10	SE	NW	NW	34°	9'	7.200"	107°	45'	51.100"	7184
14			10	NE	SW	SW	34°	8'	40.493"	107°	45'	50.229"	7169
15			10	NW	SE	SE	34°	8'	40.850"	107°	45'	17.644"	7154
16			14	SW	NE	NE	34°	8'	17.728"	107°	44'	15.850"	7132
17			14	SE	NW	NW	34°	8'	17.186"	107°	44'	49.916"	7150
18			14	NE	SW	SW	34°	7'	43.544"	107°	44'	51.204"	7149
19			14	NW	SE	SE	34°	7'	43.653"	107°	44'	16.864"	7126
20			15	SW	NE	NE	34°	8'	15.697"	107°	45'	17.752"	7163
21			15	SE	NW	NW	34°	8'	15.832"	107°	45'	50.787"	7176
22			15	NE	SW	SW	34°	7'	44.814"	107°	45'	52.419"	7168
23			15	NW	SE	SE	34°	7'	44.043"	107°	45'	18.309"	7162
24			22	SW	NE	NE	34°	7'	21.076"	107°	45'	18.892"	7146
25			22	SE	NW	NW	34°	7'	20.532"	107°	45'	53.118"	7162
26			21	SW	NE	NE	34°	7'	21.630"	107°	46'	19.041"	7186
27			22	NW	SE	SE	34°	6'	52.325"	107°	45'	20.948"	7141
28			23	SW	NE	NE	34°	7'	22.957"	107°	44'	15.086"	7120
29			23	SE	NW	NW	34°	7'	21.062"	107°	44'	49.269"	7143
30			23	NE	SW	SW	34°	6'	53.305"	107°	44'	47.283"	7122
31			23	NW	SE	SE	34°	6'	53.777"	107°	44'	16.047"	7109
32			26	SW	NE	NE	34°	6'	32.564"	107°	44'	14.548"	7100
33			26	SE	NW	NW	34°	6'	32.477"	107°	44'	48.784"	7121
34			16	NW	SE	SE	34°	7'	45.577"	107°	46'	20.103"	7182
35			16	SW	NE	NE	34°	8'	14.721"	107°	46'	17.697"	7188
36			3	SW	NE	NE	34°	10'	1.553"	107°	45'	15.118"	7203
37			3	NW	SE	SE	34°	9'	30.586"	107°	45'	15.791"	7184

PROJECTED TD OF ALL WELLS:
CASING DIAMETER OF ALL WELLS:
EXPECTED YIELD OF EACH WELL:

2000 FT
20 IN
2000 GPM

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T1S R9W

T2S R9W

ATTACHMENT A

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ATTACHMENT B - PURPOSE OF USE
TO APPLICATION FOR PERMIT TO APPROPRIATE UNDERGROUND WATER

Augustin Plains Ranch, LLC ("The Ranch") has assembled a team of top New Mexico water resources experts to analyze the water resources below the ranch property it has owned for around thirty (30) years. To analyze the geohydrology of the groundwater in storage, The Ranch engaged John Shomaker and Mike Darr, both highly respected geohydrologists. They have done modeling of the basin and their initial modeling concludes that the basin contains an extraordinary amount of potable groundwater in storage that could sustain diversions of 54,000 acre-feet per annum for a period of 300 years.

However, development of this water is subject to limitations of the prior appropriation doctrine. These limitations include full protection of the neighboring Rocky Mountain Elk Foundation property that relies on groundwater for its important operations, protection of other existing neighboring agricultural users and protection of all other existing uses for windmills and related domestic uses. Most importantly, the development of the resource can have no effect on any water moving in a westerly direction as part of the Gila-San Francisco watershed. That basin is fully appropriated by decree of the United States Supreme Court and is already subject to strict constraints on use. Finally, evaluation of any application requires a thorough policy analysis of the optimum use of this water over time. The Ranch believes that the State Engineer could impose conditions on the use of water under a permit to avoid impairment to all other existing users.

To ensure protection of existing users and to support the policy development required for utilization of this resource, The Ranch intends to utilize the expertise of these hydrologists to do further testing and modeling of the resource and to work extensively with the Office of the State Engineer to develop uniform basin criteria to be applied not only to this application but to all

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future applications within this region of the basin. Out of this process will come a balanced approach that allows beneficial use of the resource without impairing the rights of others including the option of artificial recharge alternatives.

Nationally recognized resource economist F. Lee Brown, Phd. has been retained to evaluate the economic feasibility of utilization of the resource for providing alternative benefits to The Ranch as well as to the State as whole. Preliminary studies indicate the water resources could be utilized to support municipalities in the region, including Datil, New Mexico, Magdalena, New Mexico and Socorro, New Mexico. The firm of Brownstein, Hyatt, Farber & Shreck has been retained to evaluate the feasibility of a project on site for real estate development and has concluded this is a feasible use of water for the project. Utilization of the ranch for commercial agricultural purposes has also been evaluated and found to be feasible.

Finally, there are extraordinary potential uses of the water that could support the State of New Mexico as a whole. These include providing water to the State of New Mexico to augment its capacity to meet compact deliveries to the State of Texas on the Rio Grande at Elephant Butte dam. The resource could also be utilized also to offset effects of ground water pumping on the Rio Grande in lieu of retirement of agriculture. The highly acclaimed engineering firm of Bohannon-Houston, Inc. has been retained to evaluate the potential cost of a pipeline to the Rio Grande to provide water to areas between The Ranch and the Rio Grande as well as to augment flows in the Rio Grande.

All of the above information will be developed and made available to the public and all affected parties as the application moves forward before the New Mexico State Engineer in the manner proscribed by State Engineer policy and regulations.

ATTACHMENT C - PLACE OF USE **TO APPLICATION TO APPROPRIATE UNDERGROUND WATER**

The proposed place of use is within the exterior boundaries of Catron County, Socorro County and Augustin Plains Ranch ("The Ranch.") The location of The Ranch is depicted on the attached boundary map and further described follows:

TOWNSHIP ONE SOUTH, RANGE NINE WEST, N.M.P.M.

W/2, NE/4, N/2 SW/4, SE/4 SE/4	Section 20
W/2, SE/4, W/2 NE/4, SE/4 NE/4	Section 21
All	Section 27
All	Section 28
E/2, E/2 W/2	Section 29
All	Section 32
E/2	Section 34

TOWNSHIP TWO SOUTH, RANGE NINE WEST, N.M.P.M.

All	Section 3
All	Section 4
S/2 SW/4	Section 7
E/2, S/2 SW/4	Section 8
All	Section 10
All	Section 14
NE/4, N/2 SW/4, E/2 NE/4	Section 15
S/2, N/2 W/2	Section 17
S/2 S/2, NE/4 SE/4	Section 19
N/2 NE/4, SW/4 NE/4, NE/4 NE/4, NE/4 SE/4	
S/2 SW/4	Section 22
All that portion which lies north of	
U.S. Highway No. 50 EXCEPT NE/4 NE/4,	Section 26
NE/4, E/2 NE/4	Section 31
SW/4 SW/4, E/2 S/2, SE/4 SE/4	Section 33

TOWNSHIP ONE SOUTH, RANGE NINE WEST, N.M.P.M.

S/2	Section 1
All	Section 17
All	Section 18
All	Section 19
All	Section 15
All	Section 16
SW/4 NE/4	Section 20
NE/4 NE/4	Section 21
All	Section 22
All	Section 23
All	Section 24
W/2 W/2	Section 28
All	Section 37

TOWNSHIP TWO SOUTH, RANGE NINE WEST, N.M.P.M.

SW/4 SW/4	Section 1
Lots 1, 2, 3, 4, S/2 E/2, E/2	Section 7
W/2 SW/4, SW/4, S/2 SE/4	Section 15
All	Section 16
S/2 N/2	Section 17
Lot 1, NE/4 SW/4, N/2 NE/4, SE/4 NE/4	Section 18
NE/4, N/2 NE/4, SE/4 NE/4	Section 22
SW/4 NE/4, SW/4 NE/4, W/2 NE/2, W/2 SE/4,	
SE/4 NE/4, N/2 SW/4	Section 23
NE/4 NE/4	Section 26

COUNTY OF CATRON, STATE OF NEW MEXICO

Including the W 1/2 of Section 34, Township 1 South, Range 9 West, NMPM,
 Catron County, New Mexico (320 acres)

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10W

9W

8W

1S

2S

— Property Boundary

0.5 1 mile



AUGUSTIN PLAINS RANCH LLC

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**ATTACHMENT D – ADDITIONAL STATEMENTS AND EXPLANATIONS
TO APPLICATION FOR PERMIT TO APPROPRIATE UNDERGROUND WATER**

Process For Approval of the Application:

It is self evident that this application is complex and will require extensive cooperation among the Applicant, the State Engineer, the Interstate Stream Commission and other affected parties. It may be useful to describe some of the components of that approval process and the issues the Applicant proposes to present.

Hydrologic Analysis

- A first step in approval of the application will be characterization of the aquifer. Characterizing an aquifer is critical in understanding ground water flow and transport in the subsurface. The characterization will include analysis of boring logs and field sample analytical results; hydrograph analysis and ground water/surface water interaction and the development of conceptual models. This project will provide the state with access to current maps and geological studies that will be conducted while exploring the region's water potential. The state will receive access to the exhaustive studies and research being conducted in the area on behalf of the Applicant and will be engaged in a public/private partnership that will provide extraordinarily valuable information for use by the New Mexico State Engineer and the New Mexico Interstate Stream Commission. The outcome of this research will provide a hydrologic model and basin criteria that ensure full protection from impairment of all other users in the basin and on the Rio Grande system while at the same time allowing use of the water to benefit the Applicant and the State of New Mexico.

Public Welfare Analysis

- Environmental Benefits: If this project were to eventually supply water to the Rio Grande, thereby supplementing the flow of water in the Rio Grande, it could enhance the Bosque and the wildlife that inhabit the river forest and the river itself. This project presents the possibility of supplementing river flow in the stretches of the river in times of drought through exchanges of rights and conjunctive management of ground and surface water.
- Recreational Benefits: Elephant Butte is the largest and most popular lake in New Mexico. The lake offers fishing, boating and other water sports; provides a base for hiking and camping; and annually attracts thousands of bird watchers from across the U.S. The New Mexico Department of Tourism estimates more than 1.3 million visitors annually visit the lake. It adds to the quality of life for New Mexicans and others and is a valuable resource and those who live in Sierra County. The use of this resource could enhance the recreational values of the lake by aiding in compact compliance opportunities by the ISC.
- Economic Benefits: Water and the economy are linked. Creating an additional, clean, reliable water source for the region is a key factor in future area development and the creation of economic base jobs. Industrial facilities use water for a variety of purposes such as cooling, transportation, energy production, manufacturing and a host of other activities. Reliable and

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sufficient water supplies are critical for businesses looking to move to or expand in Catron and Socorro Counties. An additional water source provided through this project would add to the myriad of new research and development activities at New Mexico Tech, many of which require water to complete successfully.

- **Compact Obligations:** The Middle Rio Grande corridor is New Mexico's fastest-growing area, with about sixty percent (60%) of the state's population. Growth has outstripped water resources to the point that some of the public utility companies are experiencing difficulty complying with requirements to offset current pumping effects on the river, and there is limited water available to meet these fast-growing needs. This project could provide relief for compact issues in the Lower Rio Grande and to offset Middle Rio Grande pumping.

Water Conservation

- Given the magnitude and unique nature of this water resource, it is paramount that it be developed only in a manner consistent with optimal conservation practices. These practices must necessarily include minimizes to evapo-transpiration, utilization of the optimal techniques for water reuse and related technologies. Given the location, it may be possible to utilize solar and wind technologies to operate pumps and further provide additional conservation for the state.

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